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## Egypt

## Sugar

## Annual

## 2009

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**Report Highlights:**

While beet production is increasing slightly, cane production continues to be relatively stable. Imports are forecast to continue growing, keeping pace with growth in demand driven by population growth. In addition to the 10 percent import duty on refined sugar, in February 2009, the government imposed LE 500 per MT on refined sugar imports.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Cairo [EG1]  
[EG]

**Table of Contents**

<b>PS&amp;D</b> .....	<b>3</b>
<b>Area Planted and Production</b> .....	<b>3</b>
Yield and Crop Quality.....	4
<b>Policy</b> .....	<b>4</b>
<b>Fructose Corn Syrup</b> .....	<b>4</b>
Consumption and Prices.....	5
<b>Trade</b> .....	<b>5</b>
Import Trade Matrix .....	5
<b>Stocks</b> .....	<b>6</b>
PSD .....	6
<b>PSD Table</b> .....	<b>6</b>

## PS&amp;D

Sugar, Centrifugal Egypt									
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Beginning Stocks	356	356	356	246	246	246	252	252	407
Beet Sugar Production	548	548	548	498	498	484	470	470	543
Cane Sugar Production	1,104	1,104	1,104	1,105	1,105	1,027	1,105	1,105	1,069
Total Sugar Production	1,652	1,652	1,652	1,603	1,603	1,511	1,575	1,575	1,612
Raw Imports	873	873	873	1,050	1,050	1,239	1,060	1,060	1,250
Refined Imp.(Raw Val)	63	63	63	65	65	151	70	70	160
Total Imports	936	936	936	1,115	1,115	1,390	1,130	1,130	1,410
Total Supply	2,944	2,944	2,944	2,964	2,964	3,147	2,957	2,957	3,429
Raw Exports	0	0	0	0	0	0	0	0	0
Refined Exp.(Raw Val)	100	100	100	100	100	50	90	90	100
Total Exports	100	100	100	100	100	50	90	90	100
Human Dom. Consumption	2,598	2,598	2,598	2,612	2,612	2,690	2,617	2,617	2,720
Other Disappearance	0	0	0	0	0	0	0	0	0
Total Use	2,598	2,598	2,598	2,612	2,612	2,690	2,617	2,617	2,720
Ending Stocks	246	246	246	252	252	407	250	250	609
Total Distribution	2,944	2,944	2,944	2,964	2,964	3,147	2,957	2,957	3,429

## Area Planted and Production

Cane production and area are stable, with no expectations for change. With scarce land and water resources in Egypt, and limited cane crushing capacity, the government's policy is to maintain a stable sugar cane area. Any future growth in sugar cane production would have to be through increased yields. Total cane area harvested in 2007/08 was estimated at 183,000 HA, unchanged from the previous year. However, the amount of cane crop actually delivered to crushers is estimated to come from only about 110,000 HA; the difference represents non-official deliveries utilized in manufacturing sugar cane syrup in small rural plants, or otherwise consumed fresh or not harvested due to infestation.

Beet area is expanding, in 2007/08 area is estimated at 98,000 HA, compared to 76,000 HA in the previous year, and further increase is expected for 2008/09. Beet area and production are increasing as beet cultivation is one of the most lucrative winter crops, especially in newly reclaimed land. In addition, there was an increase in delivery price for beet from LE 190 in 2007/08 to LE 300 per MT in 2008/09. While beet production is growing and cane output is flat, cane production is still 67 percent of total sugar output. Cane is grown primarily in Upper Egypt, and planted in January and harvested in mid-December. Cane processing is monopolized by one public sector company, the Sugar and Integrated Industries Company (SIIC). The SIIC was formed in 1963 when the government nationalized the eight private sugar mills that were operating at that time. Most of these mills were built in the 1920's. The SIIC has limited crushing capacity and can process no more than 70-80 percent of the total available sugar cane crop. However, it does have a considerable amount

of excess refining capacity. In order to generate new sources of revenue to compensate for its financial losses, the company contracts some of its excess refining capacity to private importers who process raw sugar at a fee of LE 400 per MT.

Most beet production, on the other hand, is under the control of private sector companies, except for about 15,000 MT produced by the SIIC. Most production is located in the northern part of the Nile Delta, where the soil is quite poor and unsuitable for other crops, or in newly reclaimed desert land. Beets are planted in August-September and harvested in March.

### **Yield and Crop Quality**

Weather does not play a major role in cane production in Egypt. The entire crop is irrigated and the climate is fairly consistent throughout the major production area of Upper Egypt. Low temperatures at night and mild temperatures during the day continue to keep the sugar content fairly stable. Preliminary reports on the 2009 crop indicate a sugar content of about 11.8 percent, compared to 10.6 percent for the 2008 crop, due to the absence of the frost wave which occurred during January and February in 2008 and had a negative effect on the sugar content. The sugar recovery rate in 2008/09 is unchanged from the previous year which was approximately 10.5 percent. The polarity of cane sugar is reported to be 99.8 percent.

Weather conditions for the beet-growing season in the Delta area have been favorable throughout most of the 2008/09 season. Yield is expected to average 18 percent compared to 15.5 percent in 2007/08 season due to the absence of the frost. The sugar recovery rate for this season is running at about 14.6 percent, compared to 14 percent in 2007/08 season.

### **Policy**

The sugarcane industry is labor intensive and is considered vital to the economy of Upper Egypt. The government has increased the delivery price for sugar cane to the SIIC for 2008/09 to LE 200 per MT compared to LE 185 per MT in 2007/08. This makes sugarcane profitable relative to competing crops (\$1=LE 5.6). In addition, the government provides soft loans to sugar cane farmers, which most cane farmers use. The current government policy also promotes expansion of sugar beet production, which is suitable to cultivation in newly reclaimed lands.

The delivery price for sugar beet in MY 2008/09 has been set by the beet sugar companies at LE 300 per ton for sugar beet that has 16 percent sugar content, compared to LE 250 per MT in the previous year.

### **Fructose Corn Syrup**

The National Company for Maize Products (NCMP) is the only producer of high fructose corn syrup (HFCS) in Egypt. In 2008, production of HFCS was about 152,443 tons: 81,443 tons HFCS-55; and, the remainder is HFCS-42. This compared to 107,000 tons in 2007. The increase was due to an expansion in crushing capacity. NCMP also produces about 45,000 tons of starch.

NCMP has storage capacity of up to 50,000 tons for corn and 6,000 tons for HFCS. The company produces approximately 800 kilograms of HFCS from one metric ton of corn. HFCS-55 is utilized exclusively by soft drink bottlers. HFCS-42 is used in a variety of products including jams and jellies, ice cream, pastries, and canned fruits. In addition to HFCS, NCMP produces crude corn oil, corn gluten meal (60 percent protein), which is used

mainly in poultry feed, and corn gluten feed (16 percent protein), used mainly in cattle feed. NCMP imported 270,000 tons of yellow corn in 2008, all from the United States. In late March 2007, the average price for HFCS-55 was LE 2,016 per MT, compared with LE 1,920 per MT in 2007. The current import price for raw sugar (from Brazil) is \$350 C&F per ton while the price for refined sugar is \$470 C&F per ton.

### Consumption and Prices

Sugar consumption is driven by population growth, and is forecast to continue growing modestly. Per capita sugar consumption in Egypt is about 33 kg per year. In 2008, the GOE has increased the quantity of subsidized sugar distributed under the national ration system, due to allowing the addition of newborns to the ration cards after the ban for several years. As a result, under the current program, 900,000 tons of refined sugar is targeted for distribution under the ration system, compared to the 450,000 MT that was distributed in the past several years. The remainder of total consumption is freely traded on the open market.

### Trade

For 2009, sugar imports, mostly raw sugar, are forecast to increase over 2008 levels. The expected increase in sugar imports in 2009 stems from the need to replenish stocks and to meet the population-growth led increase in consumption. Of the 1.39 million tons imported in 2008, only 151,000 tons were refined sugar (raw value). This represents a 32 percent increase over the import level of 2007. The current import price for white sugar is reported at \$470/MT/CIF and for raw sugar is \$350/MT/CIF. The current import tariff on white sugar and raw sugar are 10 and 2 percent respectively. In addition, as of February 2009, the government imposed an import fee of LE 500 per ton on white sugar as a protection for the inefficient local industry.

### Import Trade Matrix

Import Trade Matrix Sugar Cane for Centrifugal			
Time Period	2007	Units: MT	2008
Imports for:			1
U.S.		U.S.	
Others		Others	
Brazil	910,000	Brazil	1,238,784
E.U	15,000	E.U	143,767
India	10,500		
Total for Others	936,400		1,382,551
Others not Listed			
Grand Total	936,400		1,382,551

## Stocks

Egypt normally maintains strategic sugar stocks at least equal to about 60 days of total consumption, or approximately 500,000 tons. In 2009, Egypt's sugar stocks are expected to be replenish to about 600,000 tons (raw sugar basis), mainly due to the increase in imports. Stocks are held mainly by the SIIC, or at storage facilities belonging to the Ministry of Welfare.

## PSD

Sugar Cane for Centrifugal Egypt									
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2004			Market Year Begin: Jan 2005			Market Year Begin: Jan 2008		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
Area Planted	110	112	112	111	0	110	112	0	111
Area Harvested	110	111	111	110	0	109	111	0	110
Production	10,950	11,010	11,010	10,952	0	9,720	10,953	0	9,800
Total Supply	10,950	11,010	11,010	10,952	0	9,720	10,953	0	9,800
Utilization for Sugar	10,950	11,010	11,010	10,952	0	9,720	10,953	0	9,800
Utilizatr for Alcohol	0	0	0	0	0	0	0	0	0
Total Utilization	10,950	11,010	11,010	10,952	0	9,720	10,953	0	9,800

## PSD Table

Sugar Beets Egypt									
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2004			Market Year Begin: Jan 2005			Market Year Begin: Jan 2006		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
Area Planted	78	76	76	70	77	98	63		100
Area Harvested	77	75	75	69	76	95	62		98
Production	3,900	3,650	3,650	3,500	3,700	3,726	3,145		3,845
Total Supply	3,900	3,650	3,650	3,500	3,700	3,726	3,145		3,845
Utilization for Sugar	3,900	3,650	3,650	3,500	3,700	3,726	3,145		3,845
Utilizatr for Alcohol	0	0	0	0	0	0	0		0
Total Distribution	3,900	3,650	3,650	3,500	3,700	3,726	3,145		3,845